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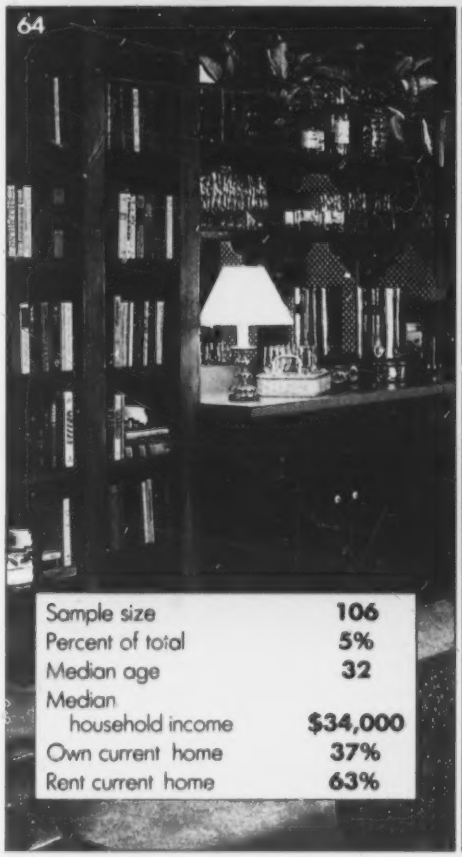
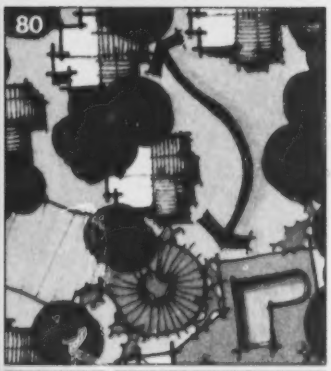




64—WHAT BUYERS WANT
One thing is clear: They don't all want the same thing. That's a major finding of BUILDER's second annual survey of prospective new home buyers.

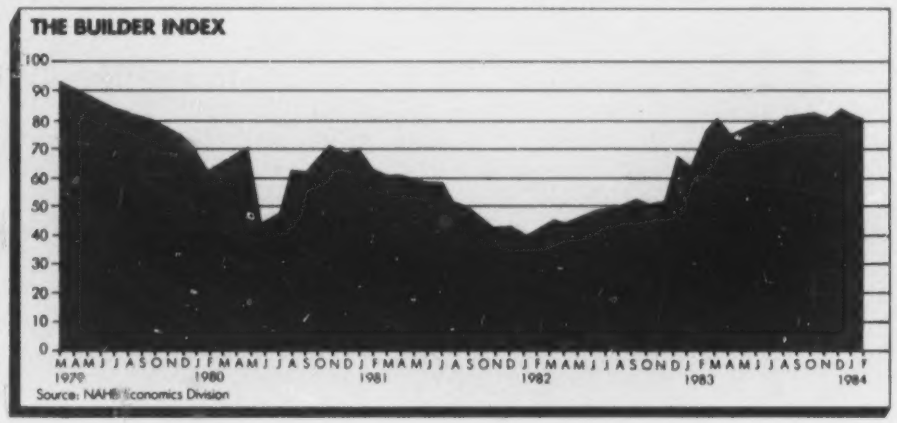
80—DESIGN WORKSHOP: SITE PLANNING
The first installment in a new series on housing design deals with the "dos" and "don'ts" of site planning. Prepared with BUILDER's contributing design editor, William Devereaux, AIA, Berkus Group Architects.

88—PROJECT OF THE MONTH
Much of Florida is subtropical, but little of the housing there has a tropical feeling. Plantation Colony, a 120-unit resort development by Arvida Corporation, does, and buyers have warmed right up to its deep roof overhangs, high wooden ceilings, paddle fans and screened porches.

(Cover: Plantation Colony. Photo: Paul G. Beswick)

OUTLOOK

A HOUSING INDUSTRY ANALYSIS
PREPARED BY THE
NAHB ECONOMICS DIVISION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Source: NAHB Economics Division

The BUILDER Index declined a moderate 1.56 points in February, showing that the housing industry is holding strong.

The BUILDER Index measures near-term (3 to 6-month) housing activity. It is a composite of seven housing industry indicators: building permits, Government National Mortgage Association yields, the Producer Price Index (construction materials), framing lumber and plywood composite prices, builders' sales expectations, home buyer traffic and the confidence index of home buying. The BUILDER Index is updated monthly.

Prospects for Recovery

Michael Sumichrast
NAHB Chief Economist, Washington, D.C.

The Reagan Administration's projection for economic growth, as spelled out in the President's budget, is far too optimistic. The projection assumes a stable economy during the next five years, even as signs appear that the great upturn cannot continue as robustly as it has during the last year.

To sustain economic growth over the next several years, we'll need much tighter fiscal policies, rapidly declining deficits and considerably easier monetary policies, not to mention much lower interest rates. The Administration does assume interest rates will decline, with Treasury bill rates dropping to 8.6 percent this year, 7.9 percent next year and ratcheting all the way down to 5.1 percent by 1989.

Of course, such a drop is possible if inflation is checked and deficits decline. But here the logic smacks of a vicious circle. Certainly the proposed $100 billion deficit down payment over the next three years will, if it occurs, reduce the deficit, but real progress depends on greater economic activity generating greater revenue for the government. In other words, reducing the deficit depends on sustaining the recovery. But the deficit threatens the recovery. If it aborts the recovery, the projected $152 billion deficit in 1988 could be twice that much.

To repeat, the character of the recovery already is changing. It began with the resurgence of residential construction and the durable goods sector, then spread to producers' durable equipment. The government remained virtually neutral, though it did cut nondefense spending and increase defense expenditures.

One major area of concern has been the lack of investment in industrial construction. Last year these expenditures actually dropped 24 percent, and there still is little prospect of a major upturn in industrial construction in the next couple of years. Yet it's needed in order to provide new jobs and continue the economic recovery.

Another concern is the impact of government borrowing on the capital markets. Mortgages will require about 25 percent of all available funds this year to sustain a moderate increase in starts to, say, 1.75 million units. Consumers will need about 8 to 10 percent of the available funds, corporate and foreign bond markets will need about 6 to 8 percent and other bank loans will consume 10 percent of available credit. In total that's about half of all available credit.

But if, as expected, the federal government needs half and state and local governments need another 10 percent, something will have to give. That, in fact, is the dilemma of the ever-increasing federal deficits.

Deficits not only preclude a fair distribution of loanable funds, they directly affect the ability of the Federal Reserve Board to provide more funds for the private economy. High interest rates result, and they impede economic growth here and overseas.

In order to solve the Third World debt problem we need continual and rapid economic recoveries not only among the industrialized nations but also a strong recovery among Third World nations. They are haunted by enormous interest payments and that leaves little for investment into productive capacity to expand.

When I visited central banks in West Germany and Switzerland in February, the Europeans said "the world needs lower interest rates." For that to happen the federal deficit will have to drop and monetary policies will have to be more expansionary.

This point was substantiated by a February survey of the Monetary Policy Forum (MPF), a group of business and financial leaders that monitors the monetary policies of the Federal Reserve

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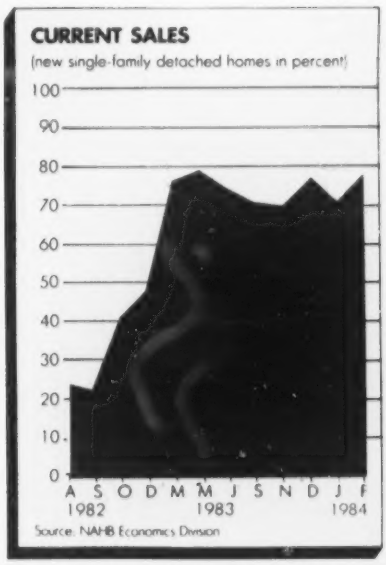
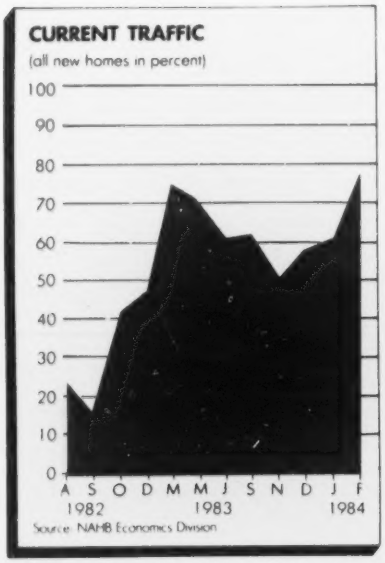
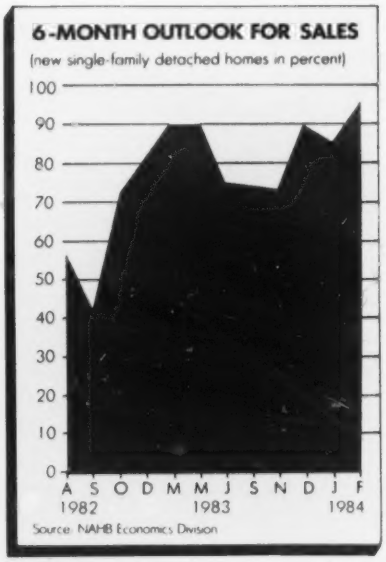
OUTLOOK/BUILDER POLL



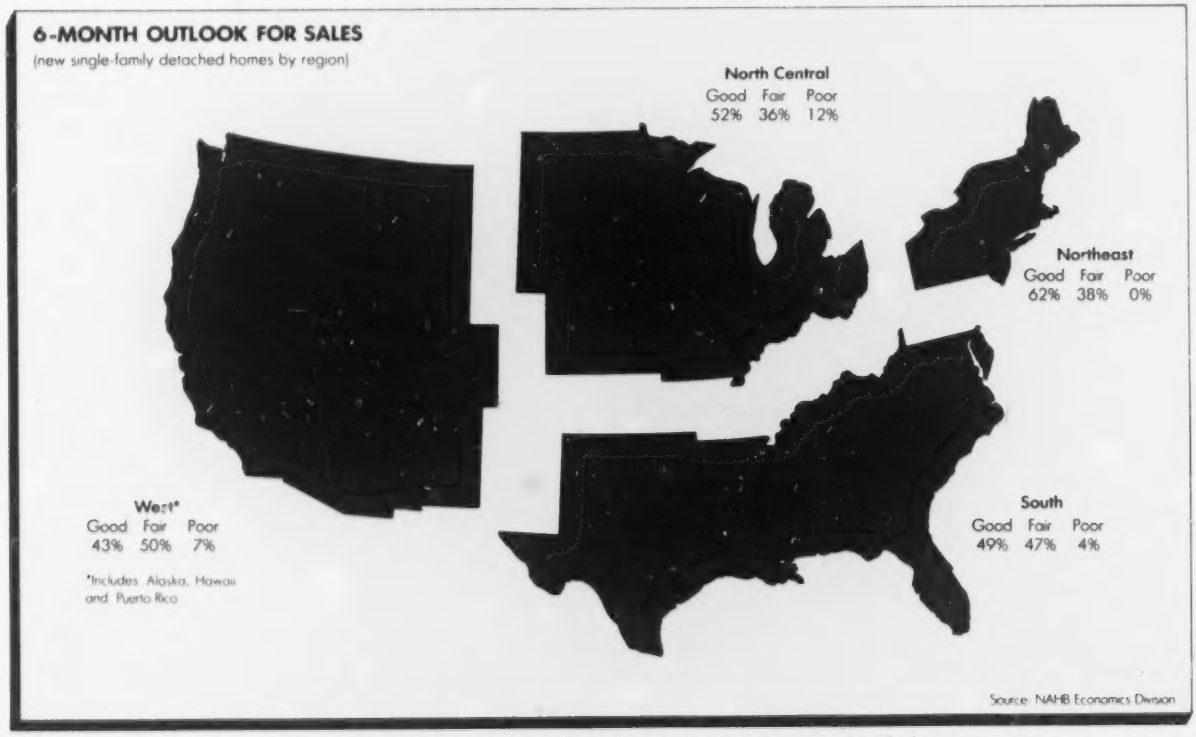
Sales activity has improved substantially, moving toward last spring's peak when eight of 10 builders reported strong sales.



Traffic through new homes has picked up dramatically; about eight of 10 builders reported traffic was strong in February.



After dipping slightly, sales expectations shot up in February to the highest levels since the late 1970s.



For the first time in a long time builders in the North Central region are decidedly optimistic about the six-month outlook.

ARMs AND CMOs AT FREDDIE MAC
Freddie Mac is now buying assumable 1, 3 and 5-year ARMs. The ARMs include an optional cap on payment increases of 7.5% a year and a 125% ceiling on negative amortization. In other Freddie Mac news, the agency recently issued its third collaterized mortgage obligation (CMO) for $525 million. The CMO, backed by below-market rate loans bought from lenders, included four maturity classes. Since last June, Freddie Mac has issued a total of $2.2 billion in CMOs.

CITICORP COLLECTS S&Ls
Citicorp has gotten the go-ahead to acquire First Federal S&L of Chicago and New Biscayne Federal S&L of Miami. The financial giant also bought a troubled Oakland, Calif., S&L in August 1982. The Federal Reserve Board okayed the latest acquisitions but imposed strict restrictions on what Citicorp can do with its new possessions.

THE SOUTH COOLS OFF
The South just couldn't keep it up. Single-family sales in January declined 17% in the region to an annual rate of 364,000 after surging a stunning 37% in December. January sales declined 1% in the Northeast to 74,000 but climbed 6% in the West to 183,000 and 6.5% in the North Central to 66,000.

BOND SOLD TO BUILDERS
The first multi-builder bond to be backed by conventional mortgages has been sold by a consortium of home builders called American Southwest Finance Company. Sold in February, the $76.5 million bond carried a AAA rating. It was structured as a CMO (collateralized mortgage obligation) with four maturities from 6.5 to 30 years and yields ranging from 10.96% to 12.95%. Most of the mortgages were originated in Texas and Florida within the last year, said James Marshall of Kenneth Leventhal & Company, which helps American Southwest assemble bonds.

OUT OF THE RED
Fannie Mae reported 1983 earnings of $75.5 million compared with losses of $105 million in 1982 and $190 million in 1981. And Freddie Mac announced record earnings of $160 million for last year. The company's previous record high was $60 million in 1982.

RESALES AT 3-YEAR HIGH
Resales of single-family homes rose 5% in January to an annual rate of 2.99 million units—the highest level in three years—reported the National Association of Realtors. Sales were up in every region but the West. The median price of resales jumped 3% to $71,900.

NEW SAVINGS UP AT S&Ls
Savings institutions raked in $62 billion in net new savings last year, reported the U.S. League of Savings Institutions. That compares with a $7 billion outflow in 1982.

U.S. MORTGAGE DEBT TRIPLES
The nation's residential mortgage debt more than tripled from $303 billion in 1971 to $967 billion in 1981, the Census Bureau reported recently. Three out of five single-family houses were mortgaged in both years, but the average mortgage debt rose from $11,300 to $27,000. The proportion of first mortgages on single-family houses that were insured by the FHA dropped from 21% to 15% during the period; the proportion guaranteed by the VA remained at 14%.

LENDING MAKES NEW RECORD
Mortgage lending at savings institutions totaled $11.8 billion in January—a record for the month—but that was down 21% from December's record volume, reported the U.S. League of Savings Institutions. Adjustable rate mortgages (ARMs) accounted for a whopping 75% of the January volume, up from 66% in the fourth quarter of 1983. The league credited "increasing consumer acceptance of ARMs" for the continued strength of the mortgage market.

CONTINUED FROM PAGE 11

Board. The majority of the MPF members believe that the Fed's main policy objective this year should be to achieve sustained, noninflationary economic growth.

This means that the Fed's policies should accommodate recovery, not increase interest rates, and should be aimed at lowering interest rates by encouraging greater fiscal discipline.

Two-thirds of the MPF respondents also said that the Fed shouldn't be so concerned about hitting its money targets this year; in other words, achieving stable money growth this year is less important than sustaining the recovery or keeping interest rates from rising.

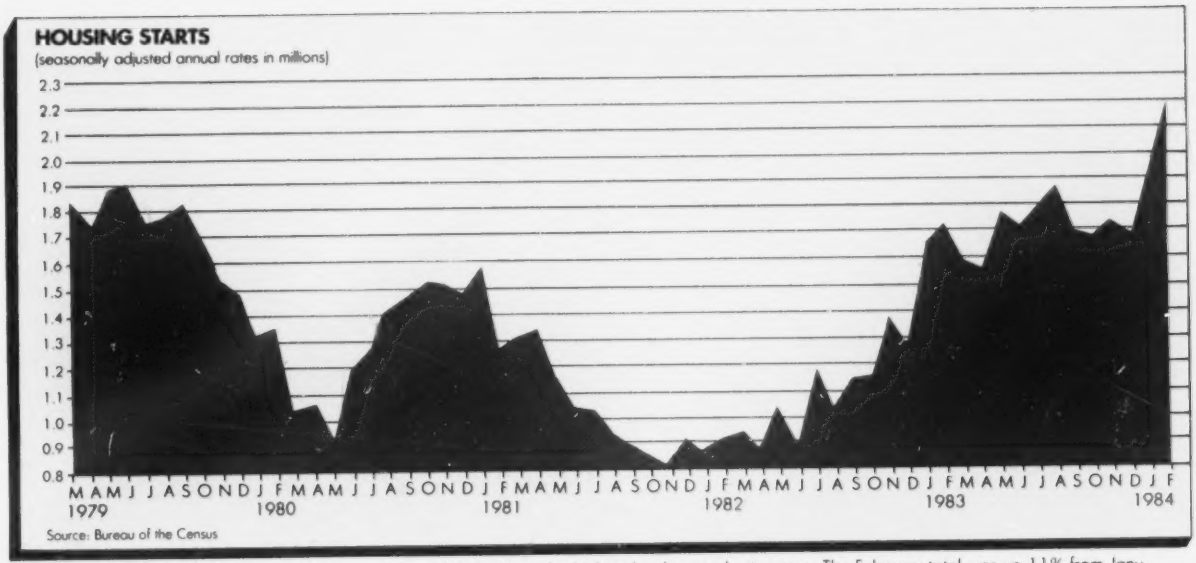
The Fed's top concerns, according to MPF members, should be, in order: real GNP; GNP deflator; interest rates; the value of the dollar; the international debt situation; M2 growth; domestic credit; and M1.

European bankers and builders I talked to agreed. They remain concerned about high interest rates in the United States. Many European economies are starting to recover, but unemployment in many countries is getting worse instead of better.

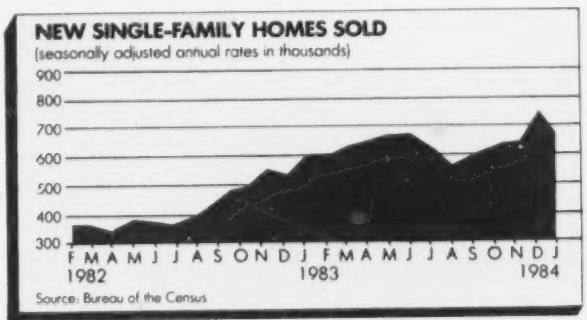
There's concern about the run-up of interest rates in the United States as a result of the large deficits. The Monetary Policy Forum members also are concerned about the potential of a recession. When they were asked how high the rate for 30-year Treasury bonds can go this year before causing a recession the average response was 13.9 percent (with a low of 11.9 percent).

In Europe there is much greater cooperation between central banks, business communities and government. As a result, there is little of the public ridicule the Fed is exposed to. And, as Fritz Leutwiler, president of the Swiss National Bank, told me: "Our M1 is buried on the last page of our monthly report and nobody really pays much attention to it."

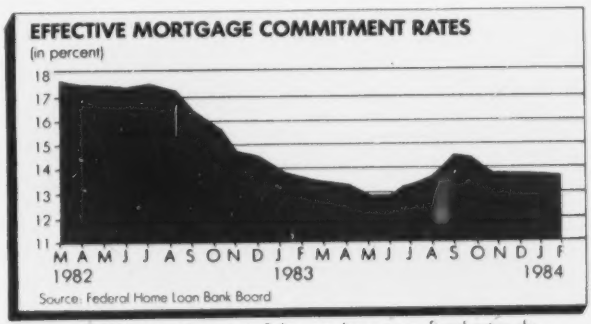
OUTLOOK/STATISTICS



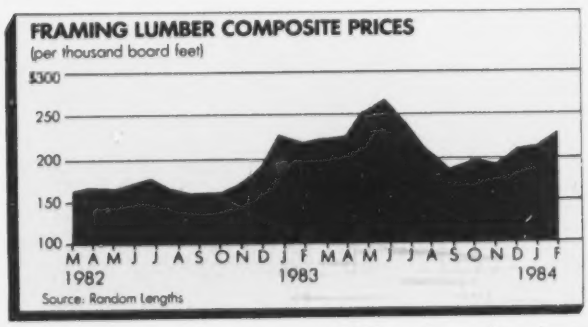
Starts surged in February to an astounding annual rate of 2.2 million, the highest level in nearly six years. The February total was up 11% from January. Multifamily starts jumped 25% in February to 837,000; single-family starts rose 4% to 1.36 million after climbing 28% in January.



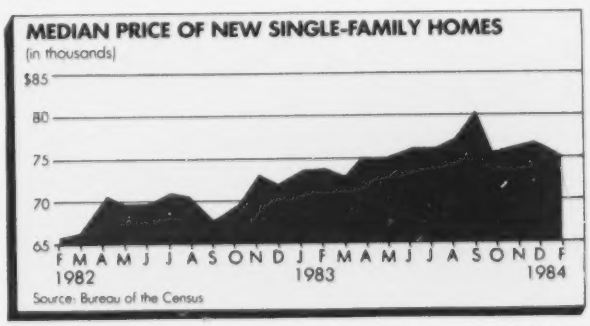
Sales dropped back 8% in January to an annual rate of 688,000 after rising 17% in December to a downwardly revised rate of 748,000.



Mortgage rates slipped again in February. Long-term, fixed rates declined 14 basis points to 13.71% while uncapped adjustable rates receded 9 basis points to 12.24%.



Lumber prices jumped 7.5% in February to $229 per thousand board feet. That was only 2.7% higher than the price a year earlier.



The median price dropped $1,200 or 1.6% in January to $75,300 from a revised December price of $76,500. The January price was 2.4% higher than a year earlier.

MARKETS

DEMAND SURGES FOR DETACHED HOUSES

More evidence that the detached house is far from becoming obsolete: Demand for detached housing surged last year in response to lower mortgage rates.

The proportion of buyers who purchased single-family detached houses jumped from 76.6 percent of all buyers in 1982 to 87.8 percent last year, reversing an eight-year trend, according to a survey by Chicago Title Insurance Company.

The most dramatic shift was among first-time buyers. Although they accounted for 40.5 percent of the market—the same as in 1982—the proportion who purchased detached houses swelled from 67 percent in 1982 to 92 percent last year.

"There was an interesting flip-flop as repeat buyers purchased condominiums more frequently than first-time buyers," noted John Pfister, vice president and manager of market research for Chicago Title.

WHAT'S SELLING
(in percentage of buyers)

	1982	1983
Single-family detached houses	76.6%	87.8%
Condominiums	16.9	7.6
Multifamily units	6.5	4.6

Source: Chicago Title Insurance Co., copyright 1983

Largely as a result of the shift to detached housing, the median price of a home purchased in 1983 increased 9.2 percent to $90,000. The increase was much greater, however, for first-time buyers: For them, the median price jumped 24.1 percent to $73,100. By contrast, the median home price for repeat buyers was up only 3.5 percent to $101,800.

In addition to lower interest rates, rising incomes also spurred more first-time buyers to purchase detached homes, according to the survey. Median household income for those buyers rose 17.2 percent to $33,090, largely because of a substantial increase in the proportion of two-income families buying homes for the first time.

Even though the average monthly mortgage payment for the first-time buyers climbed 10.6 percent to $697, it declined as a percentage of family income to 33.4 percent from 35.5 percent.

For repeat buyers, the average monthly mortgage payment increased 7.3 percent to $866.

MANAGEMENT

EMPLOYEE TESTING GRADES OUT FOR SOME BUILDERS

In making personnel decisions, most builders probably still use the standard approach of reviewing resumes and conducting interviews. Some companies, however, are supplementing these customary techniques with standardized aptitude and personality tests.

"It's part of the selection process we have," explained Sheryl Dupas, director of personnel for Nash Phillips/Copus, a major Texas builder. As is true of most firms that use such testing, NPC administers tests only after first going through normal screening procedures.

For the past five years, the Ramos/Jensen Company, San Marcos, Calif., has been using a test designed by a Los Angeles firm, Aptitude Testing for Industry (ATI). The all-day battery measures mental abilities, personal interests, temperament, motivation and knowledge of sales and supervision.

"It's not the only device we use to make hiring decisions," said Ramos/Jensen president Ronald Ramos, "but it is an excellent predictor of success."

Ramos/Jensen has found this evaluation tool particularly useful in selecting project managers. The company currently has 900 houses under development at seven sites in California and one in Arizona. All eight project managers came from outside the housing industry, with backgrounds ranging from law to secretarial work.

Despite their diverse credentials, all the new employees have done extremely well in the firm's sink-or-swim environment, Ramos/Jensen officials reported. In a field traditionally dominated by males, four of the supervisors are women, selected in part because the tests showed they had the ability to handle a number of tasks simultaneously and stay calm.

Other builders use less elaborate tests than Ramos/Jensen does. Coleman Construction Inc., of Bakersfield, Calif., uses the DISC Profile, an evaluation device provided by Fails Management Institute, a national management consulting firm.

"It plots basic personality characteristics to determine how an applicant will fit into the organization," said Bob Jackson, Coleman's vice president for operations. The 10-year-old firm, which had single-family home sales of over $25 million last year, has used the assessment tool with both current employees and new applicants.

The DISC Profile consists of 24 sets of four words each. From each group, a person marks the word that is most descriptive of his or her personality and the one that is least descriptive.

Speaking of a similar test his company has used for more than 20 years, the president of an Arizona construction firm explained, "Nobody has a 'perfect' behavioral pattern. It's a tool, not a test you either pass or fail."

When working with Ramos/Jensen or any of its other 500 clients, ATI correlates each applicant's test performance with standards the company has developed for employees in the same type of position. "Most tests are not published with occupational norms," said Dr. Samuel F. Vilgiate, vice president of ATI. "We have developed norms for construction management and many other jobs to determine which skills are most important for a position and which tests seem to identify those skills."

After ATI scores a test, the company prepares a report with a recommendation on whether or not to hire or promote a candidate. That type of screening can help both a builder and a job applicant. As Ramos pointed out, "There is no such thing as 'good intuition' about hiring a person based just on resumes and interviews. As far as capacities are concerned, tests are much more objective."

Bill Black, a Washington, D.C.-based writer specializing in real estate

WHAT BUY

A 1984 SURVEY OF PROSPECTIVE NEW HOME BUYERS

GEORGE A. FULTON, GEORGE A. FULTON RESEARCH & CONSULTING, **FRANK ANTON**, EDITOR and **WENDY JORDAN**, EXECUTIVE EDITOR

Most builders used to think they knew—almost instinctively—what their buyers wanted. Some still do, and no doubt a few of them still are building and selling houses successfully based on seat-of-the-pants decisions.

However, a growing number of builders are relying on market research. Why? Because there no longer is any such thing as the typical new home buyer. Instead there are distinct groups of buyers and no one house, no matter how good, can appeal to all of them.

That's why, in analyzing responses to BUILDER's second annual survey of prospective new home buyers, it was decided to use the survey results to analyze in detail what buyers in three key market segments wanted. The market segments are first-time buyers, moderate-income move-up buyers and empty-nesters. Those buying groups were selected because of their willingness to buy new homes now.

Within each section—on first-time buyers, move-up buyers and empty-nesters—are short case studies of housing projects targeted to that type of buyer. All the projects shown are winners in the 1983 MIRM awards program, a national marketing contest sponsored by BUILDER and NAHB's Institute of Residential Marketing.

In addition to being a contest winner, each project has many of the qualities and features buyers who were surveyed indicated they were looking for in a new home. That all the projects have been successful seems to indicate that buyers do want what they say they want.

While each buying group analyzed for this story does have specific and different preferences and reasons to buy—for example, first-time buyers see a new home as an investment, and empty-nesters really don't—some general conclusions about new home buyers can be drawn. Among them:

- Finding a more energy-efficient home is a top priority;
- Buyers still see housing as a sound investment (two-thirds think home price increases will keep pace with inflation, and one-third think they'll exceed inflation);
- Buyers may accept smaller houses, but only one in nine is looking for a smaller house;
- Very few buyers have the options they most want—volume ceilings, pantries, whirlpool tubs, skylights and fireplaces, to name some—in their present homes.

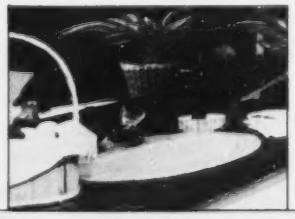
THE SURVEY

The 1984 survey of prospective new home buyers was a joint venture of BUILDER and George A. Fulton Research & Consulting, Fairfax, Va. The survey results are based on responses of 2,176 prospective buyers to a four-page questionnaire.

The survey was conducted during the last six months of last year among prospects visiting model home complexes in six major markets: Boston, the Maryland and Virginia suburbs of Washington, D.C., St. Louis, Houston, Portland, Ore., and Southern California.

To ensure that those surveyed would be representative of all important market segments, the surveys in each area were conducted at low, medium and higher-priced housing developments. In addition, some of the developments had detached housing, others had attached. The table (above right) lists some key characteristics of those surveyed. All survey results in this story represent national figures.

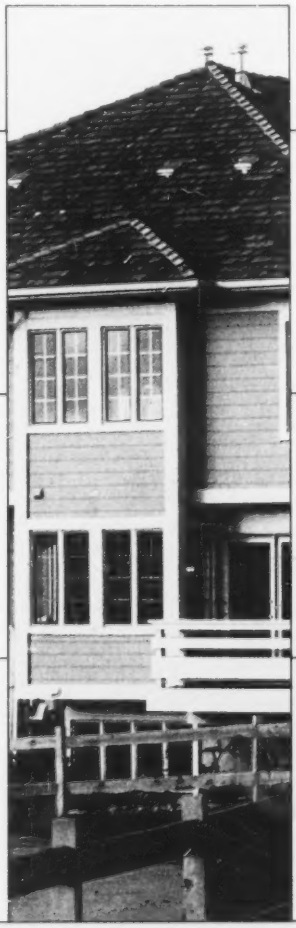
Local sponsors conducted the surveys in each market. The local sponsors were: The Codman Co., Inc., Boston; Long & Foster Realtors, Fairfax, Va.; Berry-Fulton Research, Clayton, Mo.; CDS Research, Houston; Home Builders Association of Metropolitan Portland, Lake Oswego, Ore.; the Orange County Chapter of the Building Industry Association of Southern California, Santa Ana, Calif., and the Sales and Marketing Council of Southern California.

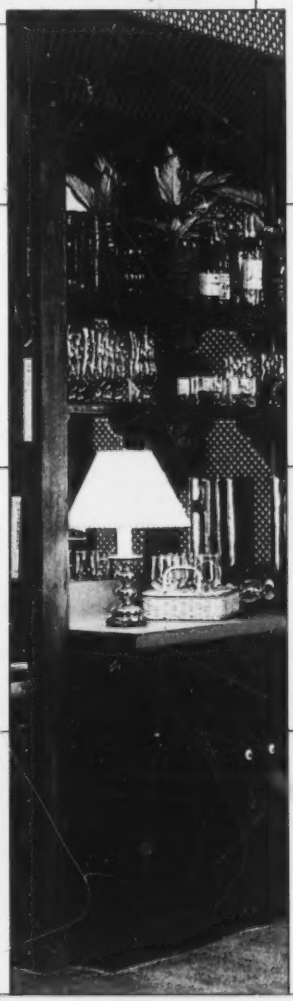


ERS WANT

PROSPECTIVE NEW HOME BUYERS

Characteristics	Single male adult	Single female adult	Couples without children	Couples with children	Single parent with children	Unrelated individuals
Sample size	106	142	777	1,015	66	70
Percent of total	5%	7%	36%	46%	3%	3%
Median age	32	35	35	36	40	32
Median household income	$34,000	$28,000	$44,000	$45,000	$29,000	$37,000
Own current home	37%	53%	64%	80%	59%	48%
Rent current home	63%	47%	36%	20%	41%	52%
Current median home value	$94,000	$88,000	$97,000	$94,000	$102,000	$80,000
Equity in current home	$36,000	$37,000	$49,000	$42,000	$44,000	$27,000
Median rent	$414	$410	$445	$461	$450	$462





FIRST-TIME BUYERS

First-time buyers are ready to buy if the price is right, the house is big enough and it has the features they want most.

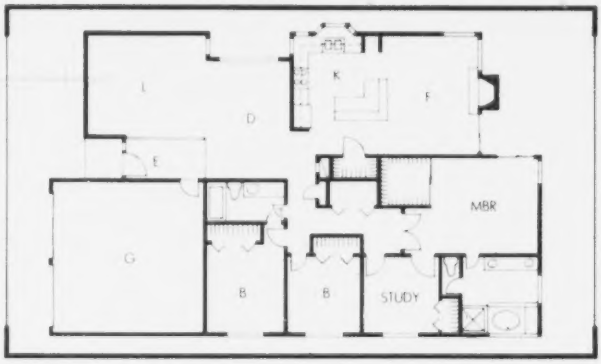
No wonder first-time buyers are the first choice of so many builders. These buyers not only are free to buy without first selling their current home. They are so eager to own a home that they will stay in the market when interest rates rise and will sacrifice many desired features to afford the unit.

The survey defines prospective first-time buyers as renters and examines the largest group of renters—those paying $300 to $500 a month in rent. Here's a profile of that group:

- Most, 71 percent, are young couples earning $20,000 to $40,000 a year;
- A significant portion, 24 percent, are singles shopping on their own;
- Their median income is $33,500;
- About 14 percent of their income goes to pay rent;
- They expect to pay $739 a month—that's 26 percent of income—when they buy;
- They plan to pay a median price of $82,000 for a new home.

On the surface it appears that the 1,535-square-foot home first-time buyers want is beyond their means. With a 7 percent down payment, a 13 percent loan and monthly mortgage payments of $619 (plus $120 a month for taxes and insurance), they could afford a $60,168 house. What to do? Of course they could settle for a smaller unit: They could afford a 926-square-foot home that costs $65 a square foot. Or they could buy a house in a high-density community or a location farther from town where land costs are lower. They could accept an adjustable rate mortgage. Or they could budget a larger share of household income—35 percent—for principal, interest, taxes and insurance.

Even among first-time buyers, single-family detached homes are the overwhelming favorite. Nearly three-quarters of the group would buy a detached house while half would buy a townhouse (most of those live in the East). Much less popular are mid-rises and highrises. These buyers are looking for a home with three bedrooms and two and a half baths.



EXTRA, EXTRA . . .

$300 to $500 options	Percent who would select
Oversized bathtub	45%
Tile or wood entry	42
Microwave oven	40
Skylight	40
Double-basin master bath vanity	37
Upgraded kitchen floors	30
Ceramic tub and shower enclosure	29
Barbecue cook top	11
Intercom system	9

$500 to $1,000 options	Percent who would select
Walk-in kitchen pantry	33%
Island cook top	29
Built-in shelving	29
Whirlpool tub	25
French doors	22
Ceramic kitchen counters	21
Volume ceilings	20
Upgraded entry doors	15
Central vacuum	13
Stained-glass windows	10

$1,000-plus options	Percent who would select
Family room fireplace	47%
Separate tub and shower in master bath	38
Bay window	35
Living room fireplace	35
Patio deck or slab	32
Hardwood floors	27
Master bedroom patio or balcony	22
Master bedroom fireplace	21
Small greenhouse room	18
Master bedroom retreat area	16
Extensive landscaping	9
Additional space for a small computer	6

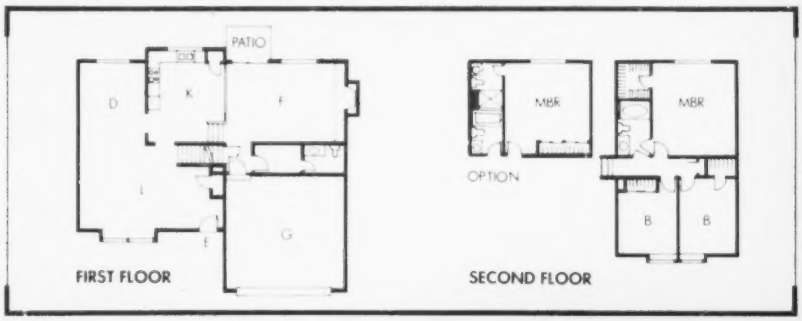
NORTHMEAD VILLAGE

The Alta Loma plan at Northmead Village in Copperfield, Houston, has the basics first-time buyers want—three bedrooms, two baths, a country kitchen and an open plan—as well as many of the extras—an oversized tub and a separate shower, a skylight, kitchen pantry, microwave, tile foyer, family room fireplace and vaulted ceilings.

And it offers both at a price, $90,990, that buyers can afford.

Buyers for this unit have been couples in their early 30s with one child. Though young, the buyers have a substantial average household income of about $45,000.

Category: Best interior merchandising/target buyers first-time traditional family
Award: Gold
Project: Northmead Village in Copperfield, Houston
Builder: David Weekley Homes, Houston
Architect: David Weekley Homes
Interior designer: Kathy Andrews Interiors, Houston



WHY THEY'D BUY

Motivating factor	Percent influenced
Tired of renting	65%
Tax advantages	64
A more energy-efficient home	51
Investment potential	45
Larger home	43
Better neighborhood	33
New design features	32
Larger yard	28
Growing family	25
New product features	22
Better schools	18
Closer to work	18
Less yard maintenance	15
Community recreation facility	15
Change of scene	12

Easterners like two-story homes but in the Midwest and Sunbelt buyers prefer one-story homes. Nationally, 20 percent of first-time buyers are looking for split-level units, and they're having trouble finding them. They would be happy with level changes as simple as raised dining areas or sunken living rooms.

Volume ceilings appeal to first-time buyers, especially in the living room, family room and master bedroom. In another respect, though, these buyers show a taste for the traditional. No great room, please: Most prefer a floor plan that defines the living, dining and family rooms but allows visual flow through the spaces. One in three buyers wants these rooms to be completely separate.

A barbecue cook top, stained-glass windows and a greenhouse room all sound good until it comes to paying for them. When told how much these and other upgrades would add to the price of a home, more than 60 percent of first-time buyers chose to do without them. But they would pay for a few luxuries; they would spend an extra $1,000 or more for a family room fireplace, for instance, and $300 to $500 for an oversized bathtub, tile or wood entry floor or skylight.

Most first-time buyers are young, childless, active and anxious to live close to job and entertainment. That explains why almost half are looking for a home no more than a half-hour commute from work. One in four would commute 30 to 45 minutes and another one in four would commute longer. Given the choice of a detached house an hour from work and a comparable townhouse half as far, the buyers were evenly divided: 43 percent chose the detached house and 43 percent the townhouse.

There's a basic reason why the first-time market is so good. These buyers really are ready to move. More than half plan to buy within a year and a third want to buy immediately. Why? They simply are tired of renting. They would rather invest in a home than sink more money into rent. Another motivation to buy is the desire for more space than they have where they live now. But the house would have to be energy-efficient.

GREEN VALLEY RANCH

Even among price-sensitive first-time buyers detached houses are the first choice. Especially when the price is right, and it includes enough little extras as standard features.

That is the case with the Camrose model at Green Valley Ranch. It sells for $93,950 and has such asked-for features as wood entry flooring, solid wood doors, double lavs in the master bath, a barbecue cook top and a step-down family room with a fireplace.

Buyers have been 25 to 35-year-old couples with one child and an average household income of $40,000.

Category: Best interior merchandising/target buyers first-time traditional family
Award: Gold
Project: Green Valley Ranch, Denver
Builder: Richmond Homes, Ltd. (subsidiary of M.D.C. Corp.), Denver
Interior designer: Aspen Flair Interiors, Inc., Denver

Photos: Sunlit Ltd., Copyright Ken Paul 1983

MOVE-UP BUYERS

It goes without saying that move-up buyers want a better home than the one they have now. Better means bigger, jazzier, more luxurious.

To best gauge the move-up market, think of the housing these buyers already own. That is, new homes for this market should be priced according to the sum buyers will get when they sell their current homes and move up.

The lower the value of their current home the bigger the price jump they are willing to make. If their current home sells for $50,000 to $75,000 they will spend an additional 44 percent—or a total of $72,000 to $108,000—on a new home. If the current home sells for $75,000 to $100,000 they are prepared to spend 30 percent more on a move-up house; they would add 21 percent to the price of a $100,000 to $125,000 resale home; 7 percent to a $125,000 to $150,000 house; 3 percent to a $150,000 to $175,000 house. Owners of homes valued at $175,000 to $200,000 might better be called move-down buyers because they want to spend 1 percent less on a new home.

Buyers who own $75,000 to $100,000 homes represent the biggest segment of the move-up market, so this is the group the survey analyzes. In many respects it is the traditional housing market:

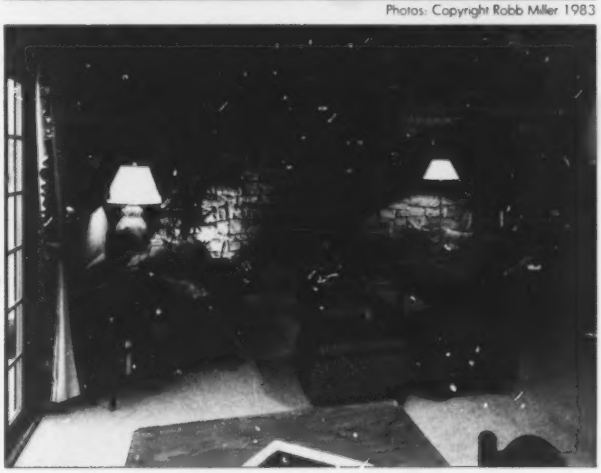
- Most are families with children;
- About a third are childless couples;
- They range in age from 26 to 45;
- Median income is $45,800;
- Their house payments now are $558 (15 percent of gross income);
- They have accumulated $36,630 in equity;
- Their current home is 1,710 square feet;
- They want a new home that's 14 percent larger, or 1,954 square feet;
- For that new house they are willing to pay $113,800;
- They plan on house payments of $899 a month.

What kind of house do they have in mind? In the East, a two-story. In the Midwest and Sunbelt, a one-story. Everywhere, a home with three or four bedrooms and two or two and a half baths.

New homes that are nothing but larger versions of what these buyers already have will be tough to sell unless they are real bargains. Move-up buyers are ready for a little sparkle. Most want a relatively open floor plan—one that defines rooms but provides views between them. (A third still prefer distinct rooms and only 7 percent want a completely open plan.)

Volume ceilings in the living room and family room are a big favorite. So is tile or wood flooring in the entry, even

Photos: Copyright Robb Miller 1983



PARC CHATEAU

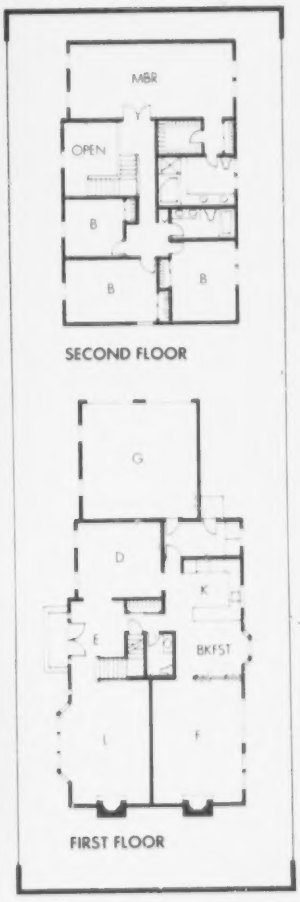
Parc Chateau lives up to its name: The homes at this New Jersey project are castles of a sort for move-up buyers, in that they give the buyers just about everything they want.

On the outside the Versailles Chateau model looks important, with a broad facade and large bay window.

Move-up buyers want fireplaces, a wet bar, built-in shelving, four bedrooms, two and a half baths. It's all here. And the master suite is practically a home in itself.

The unit sells for $148,900. Buyers have been professionals earning $85,000 to $90,000.

Category: Best interior merchandising/target buyers move-up traditional family
Award: Silver
Project: Parc Chateau, Marlboro, N.J.
Builder: Hoal Associates, Morganville, N.J.
Architect: Salkin Group, Inc., Philadelphia
Interior designer: The Childs/Dreyfus Group, Chicago



EXTRA, EXTRA . . .

$300 to $500 options	Percent who would select
Tile or wood entry	64%
Skylight	48
Double-basin master bath vanity	48
Microwave oven	46
Ceramic tub and shower enclosure	45
Oversized tub	40

$500 to $1,000 options	Percent who would select
Walk-in kitchen pantry	44%
Built-in shelving	34
Island cook top and work area	31
Upgraded entry doors	29
Whirlpool tub	29
French doors	25
Ceramic counters	24
Central vacuum	23
Wet bar	22

$1,000-plus options	Percent who would select
Family room fireplace	62%
Patio deck or slab	46
Separate tub and shower in master bath	46
Bay window	44
Living room fireplace	30
Hardwood floors	29
Master bedroom patio or balcony	24
Master bedroom retreat area	24
Master bedroom fireplace	20
Extensive landscaping	19
Small greenhouse room	17

though it adds $300 to $500 to the price of the house. Most move-up buyers would pay an extra $1,000 or more to have a fireplace in the family room. And almost half the group would pay extra for a patio, a bay window or a skylight.

But it's not all show. Move-up buyers want to live in comfort. One in two would pay extra for such luxuries in the master bath as a double-basin vanity, separate tub and shower and ceramic tub-shower.

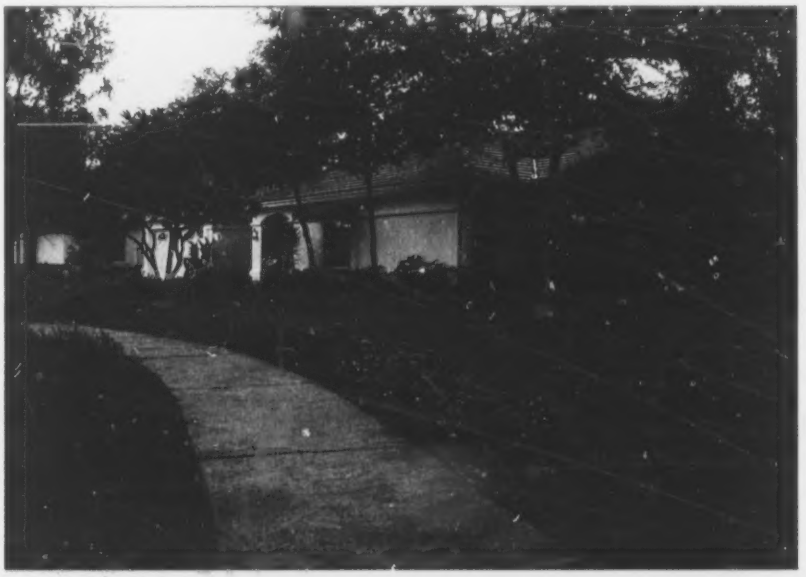
Move-up buyers are not nearly as anxious to buy as first-time buyers, but there are so many homeowners in the market—69 percent of the total—that they still are a large, important group. About 15 percent of those who own homes in the $75,000 to $100,000 bracket plan to buy a home in the near future, 39 percent within a year.

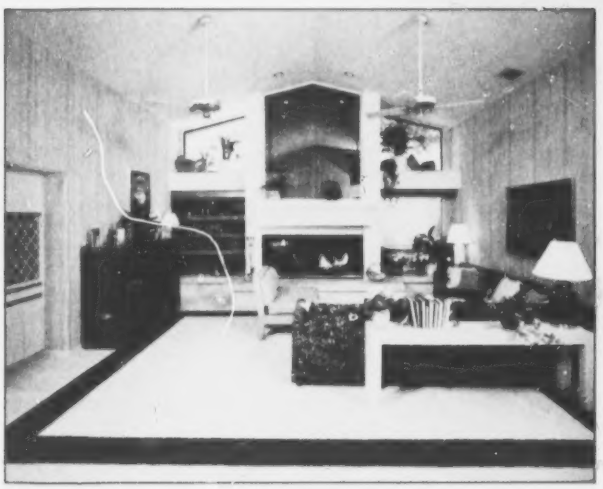
Space is the prime motivator. More than half the group surveyed would be tempted to move if they found a house larger and more energy-efficient than their current home.

Basically the move-up market has three levels. At the bottom is the group most concerned about price. Give them a no-frills home emphasizing square footage; most extras would be options. Next is the group looking for a good price as well as a little pizazz. At the top are design-conscious buyers who would sacrifice some space to gain exciting features in the standard package.

WHY THEY'D BUY

Motivating factor	Percent influenced
A more energy-efficient home	55%
Larger home	52
New design features	36
Tax advantages	33
Better neighborhood	31
Less yard maintenance	29
Investment potential	27
New product features	25
Larger yard	23
Growing family	18
Change of scene	17
Fewer people at home	16
Better schools	16
Closer to work	13





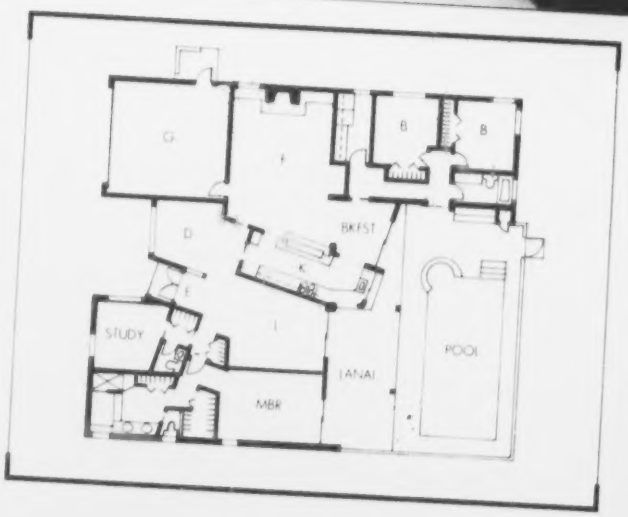
LAKE MAGDALENE MANORS

If, as the survey found, moderate-income move-up buyers want a home with sparkle, high-income move-up buyers should have one that dazzles. The Gulfstream II model at Lake Magdalene Manors in Tampa does.

At $226,900 it has the basics—four bedrooms, two and a half baths in a one-story plan. But what a plan: daring angles and room shapes, vaulted ceilings in almost every room, a porch shared by the living room and master suite and, beyond that, a pool. The master bath is equipped with every luxury and tiled to a T.

Buyers have been executive couples earning $100,000 or more.

Category: Best interior merchandising/target buyers move-up traditional family
Award: Gold
Project: Lake Magdalene Manors, Tampa, Fla.
Builder: Arthur Rutenberg Homes by Lyons-Raffo Corp., Tampa
Architect: Arthur Rutenberg Corp., Clearwater, Fla.
Interior designer: Carole Eichen Interiors, Inc., Santa Ana, Calif.



EMPTY-NESTERS

Empty-nesters have plenty of buying power, but they need to be convinced that new homes are better suited to their changing lifestyles than are the homes they already own.

There's a lot of interest in the empty-nester market, probably because empty-nesters have high incomes—a median of $46,000—and they have substantial equity, a median of $73,000. But while empty-nesters are financially capable of buying, almost half those surveyed have no plans to purchase a new home. For the most part empty-nesters have comfortable homes and no pressing reason to move.

For this survey prospects who were 45 years or older and had no children at home were classified as empty-nesters. The group had the following characteristics:

- Their median age is 55;
- Most, 84 percent, are couples;
- Income ranges rather evenly from $20,000 to $100,000;
- Three-quarters live in single-family homes, and almost 90 percent are homeowners;
- Home values range from $50,000 to $175,000, with a median price of $108,000;
- Present house size ranges between 1,000 and 3,000 square feet, with a median of 1,864 square feet.

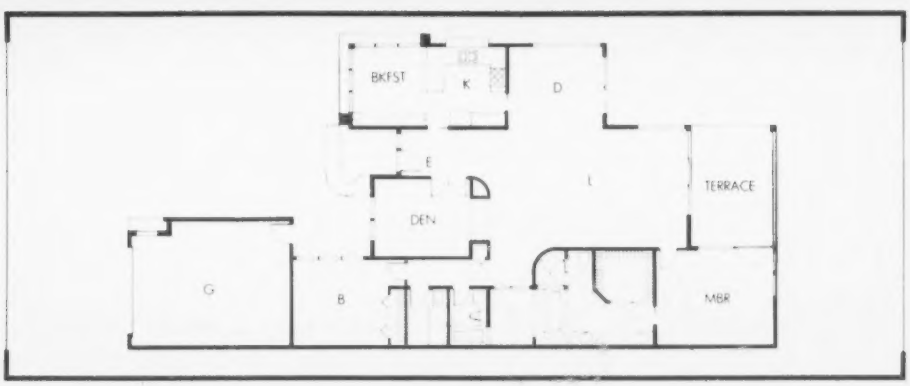
Using medians as guidelines, empty-nesters own houses valued at $108,000 and are seeking a home selling for $98,500. A rule of thumb would be to price new housing for empty-nesters approximately 10 percent below the value of their current homes.

One of the biggest mistakes in building for the empty-nester market is undersizing the new houses. Empty-nesters may be looking for a floor plan that's substantially different from their present home, but they don't want dramatically

EXTRA, EXTRA . . .

$300 to $500 options	Percent who would select	$500 to $1,000 options	Percent who would select	$1,000-plus options	Percent who would select
Tile or wood entry	59%	Walk-in kitchen pantry	42%	Family room fireplace	49%
Microwave oven	50	Built-in shelving	37	Separate tub and shower in master bath	43
Double-basin vanity in master bath	45	Island cook top	31	Patio deck or slab	42
Ceramic tub and shower enclosure	44	Upgraded entry doors	30	Living room fireplace	30
Upgraded kitchen floors	41	Central vacuum	29	Bay window	29
Skylight	41	Ceramic tile counters	28	Hardwood floors	24
Intercom system	20	Whirlpool tub	22	Master bedroom patio or balcony	22
		Wet bar	20	Master bedroom retreat area	20

Photos: Copyright Robb Miller 1983



EASTLAKES AT EASTPOINTE

Although only the most affluent of empty-nesters could afford the $200,000 retirement-resort homes at Eastlakes at Eastpointe, the Addison model there has many features that would appeal to the full range of empty-nesters.

For example, the units are clustered on small lots, so yard maintenance isn't much of a problem. In addition, the unit is one story.

Big enough for a small sitting area, the master bedroom opens to a private, rear patio. As it should, the bathroom has double lavatories and a separate tub and shower. The unit has two other bedrooms, and one can be converted to a den.

Another plus: The plan is open through the living and dining rooms.

Buyers at Eastlake at Eastpointe are for the most part 50-year-old married couples without children. Their average annual household income is $100,000.

Category: Best interior merchandising/target buyers resort or second home
Award: Silver
Project: Eastlakes at Eastpointe (Addison model), Palm Beach Gardens, Fla.
Builder: Trafalgar Developers of Fla., Palm Beach Gardens
Architect: Design Advocates, Tampa
Interior designer: The Childs/Dreyfus Group, Chicago

less space. In fact, most say they're looking for homes only about 5 percent smaller than their current residence.

Another misconception, according to this survey, is the assumption that most empty-nesters prefer townhouses. As it is, only 40 percent of the 309 respondents indicated they would seriously consider buying a townhouse; on the other hand, two-thirds would seriously consider buying a single-family home. The message here: Rather than build traditional townhouses for empty-nesters, think about building clustered detached units. (The survey shows that small-lot patio homes would satisfy many empty-nesters.)

One common conception the survey supports is that single-story units are the favorite of older buyers.

More than half of these buyers want a house with three bedrooms while about a third ask for only two bedrooms. (If three bedrooms are offered, one should be convertible to a den or guest room.) Homes for these buyers should have at least two full baths and preferably two and a half.

Because empty-nesters are equity rich, expect them either to ask for upgrades or to look for certain upgrades as standard features in new homes. Among options that cost $300 to $500 extra, the most popular with these buyers are tile (or wood) entries, microwave ovens and double bathroom vanities. Walk-in kitchen pantries and built-in shelving are the most asked-for $500 to $1,000 upgrades, while a family room fireplace, patio and separate tubs and showers in master baths were the $1,000-plus extras.

When it comes to floor plans, empty-nesters are not as conservative as might be expected. For example, 60 percent would prefer a relatively open floor plan. And half would like volume ceilings in the living room and family room.

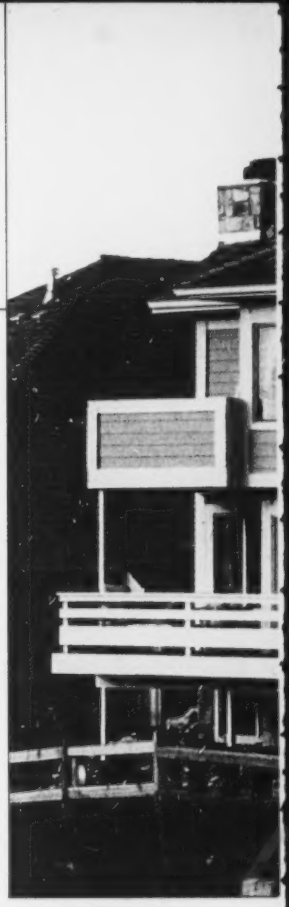
Most empty-nesters still have jobs, so commuting time from home to work is a factor. Two-thirds of those surveyed said they want their commute to be less than 30 minutes.

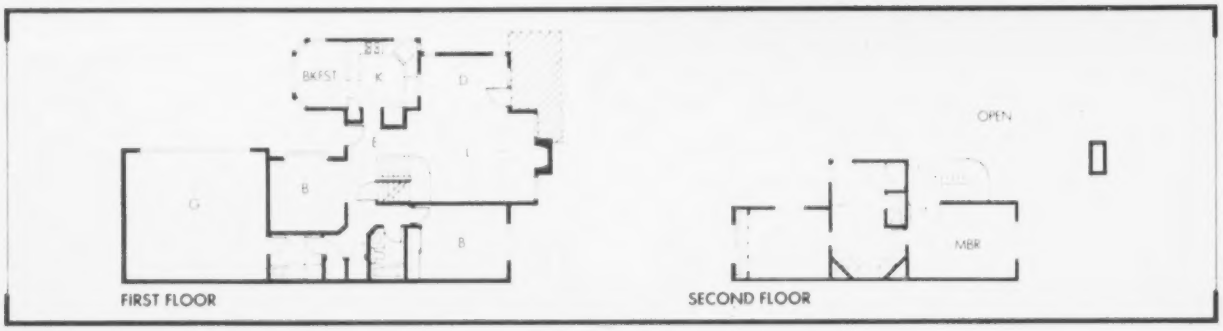
Certain factors act as important motivators to empty-nesters who want to move. Two that rank high are having fewer people at home and a desire for less yard maintenance. Finding a more energy-efficient home is another important factor.

Compared with other buyers, empty-nesters downplay the investment potential of a new home. These prospects on average plan to buy a home at 90 percent of their current home's value.

WHY THEY'D BUY

Motivating factor	Percent influenced
A more energy-efficient home	54%
Less yard maintenance	51
Fewer people at home	44
Smaller home	38
New design features	38
Tax advantages	31
New product features	30
Investment potential	23
Better neighborhood	19
Larger home	17
Change of scene	15
Security system	14
Tired of renting	10





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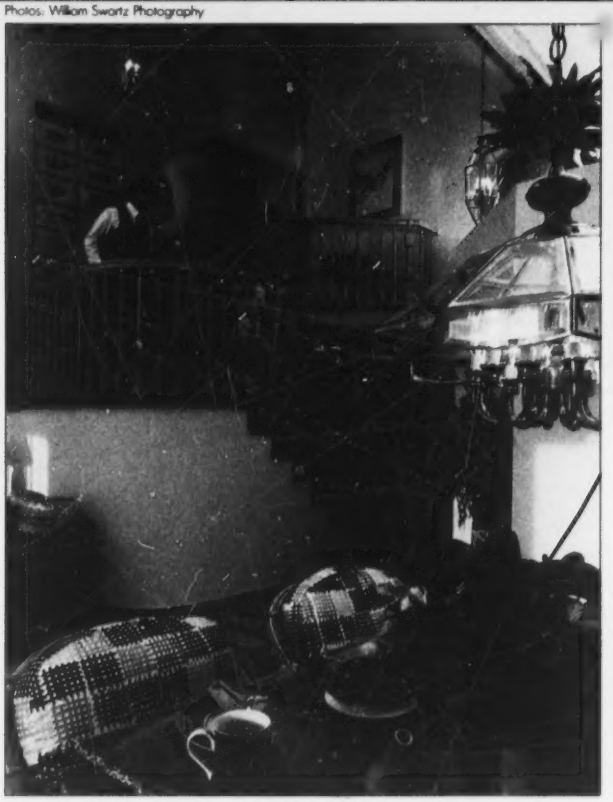

PLAYERS CLUB VILLAS

The success of the Players Club Villas at Plum Creek—11 sales in just one month—should put to rest the notion that all empty-nesters are conservative about housing design. One of the most popular plans (left), a two-story, $163,000 unit, has an open plan, vaulted ceilings through most of the first floor, a huge master bedroom retreat and an almost sinful master bath.

The unit also has features that are less sexy but still important to these buyers. Those features include an attached two-car garage, a kitchen pantry, a living room fireplace and a breakfast room.

Buyers at the Players Club Villas have been 45-year-old couples, some with one child at home. They're moving down from nearby single-family homes, and their annual incomes range from $55,000 to $65,000.

Category: Best interior merchandising/target buyers empty-nesters or retired
Award: Silver
Project: Players Club Villas at Plum Creek, Castle Rock, Colo.
Builder: Environmental Developers, Inc., Aurora, Colo.
Architect: Paul Thoryk & Associates, San Diego
Interior designer: Jenice Benton Interiors, Tempe, Ariz.

BUYER PROFILE AT A GLANCE

It makes sense to tailor a project to particular buyers if there are enough of them. Fact is, though, that unless they are located in large metropolitan areas most projects have to draw on a variety of potential buyers.

Even so, aiming such projects at likely buyers does not have to be a stab in the dark. The two tables shown here provide an at-a-glance profile of potential buyers for various types of housing.

For instance, the table below left shows that half the buyers at a townhouse project priced at $91,900—the median prospects surveyed plan to pay—would be renters (first-time buyers) and half now own homes.

PROSPECTS WHO WOULD SERIOUSLY CONSIDER BUYING. . .

Profile	Single-family detached house	Townhouse	Mid-rise condo (2 to 3 floors)	Highrise condo (4 or more floors)
Median age	35	34	38	41
26 to 35	42%	40%	33%	23%
36 to 45	30%	23%	24%	33%
46 to 55	13%	16%	17%	26%
Households by type				
Single male	4%	9%	9%	18%
Single female	4%	13%	19%	20%
Couple without children	35%	42%	37%	34%
Couple with children	53%	25%	23%	15%
Single parent with children	2%	6%	7%	7%
Unrelated individuals	2%	5%	5%	7%
Household size	3.0	2.3	2.3	2.1
Own current home	72%	50%	54%	63%
Rent current home	28%	50%	46%	37%
Rent	$442	$454	$421	$488
Current median home value	$93,400	$98,960	$94,500	$100,000
Median household income	$43,500	$40,000	$36,500	$46,000
Planned purchase price	$107,000	$91,900	$90,200	$99,400
Home size desired	1,938 sq. ft.	1,755 sq. ft.	1,461 sq. ft.	1,480 sq. ft.
Number of bedrooms desired				
One	0	1%	2%	2%
Two	8%	32%	46%	56%
Three	47%	55%	42%	36%
Four	41%	12%	8%	7%
Five or more	5%	1%	2%	0

Generally, townhouses have been geared to first-time buyers. But the survey shows that move-up buyers will not insist on buying a single-family detached unit if they find a townhouse with the right location, features and price. Most successful townhouse projects carry prices below those of comparable single-family detached homes.

Use the table below right to determine if a project meets the needs of its most likely buyers.

PROSPECTS WHO PREFER. . .

Single-story house	Two-story house	Split-level house
40	34	34
32%	47%	45%
25%	11%	28%
19%	2%	12%
4%	6%	5%
7%	5%	9%
40%	34%	34%
44%	49%	46%
3%	3%	4%
3%	3%	3%
2.7	2.9	2.8
74%	66%	64%
26%	34%	36%
$429	$458	$435
$93,100	$94,900	$94,000
$40,000	$45,000	$42,000
$94,100	$110,000	$105,400
1,798 sq. ft.	1,997 sq. ft.	1,895 sq. ft.
1%	0	0
19%	13%	14%
55%	40%	46%
24%	41%	34%
1%	6%	5%

THERE'S MORE TO TELL

BUILDER's survey of prospective new home buyers produced a wealth of information, much of it available in a series of special reports. Each report presents the responses of a group of buyers in the six areas where the survey was conducted: Boston, Washington, D.C., St. Louis, Houston, Portland, Ore., and Southern California. The reports cover total markets as well as specific segments of those markets. Data are in percentages, medians and means. Look over the following list and use the coupon to order the reports you want.

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First-time buyers

1. Total sample
2. Monthly rent $300 or less
3. Monthly rent $300-$500
4. Monthly rent $500-$700

Move-up buyers

5. Total sample
6. Current home value $50,000 or less
7. Current home value $50,000-$75,000
8. Current home value $75,000-$100,000
9. Current home value $100,000-$125,000
10. Current home value $125,000-$150,000
11. Current home value $150,000-$175,000
12. Current home value $175,000-$200,000
13. Current home value $200,000 or more

Empty-nester buyers

14. Total sample

Prospects grouped by type of house they would seriously consider buying

15. Single-family detached houses
16. Townhouses
17. Mid-rise condos (two to three floors)
18. Highrise condos (four or more floors)

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